

## Constantino, Mike

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**From:** Montague, Valerie Breslin [vbmontague@uhlaw.com]  
**Sent:** Thursday, June 21, 2012 2:12 PM  
**To:** Constantino, Mike  
**Cc:** Garvey, Michelle M.  
**Subject:** RE: genesis health system

Mike,

Thank you for speaking with us this morning regarding follow-up items to the Genesis Medical Park Moline certificate of need application ("Application"). Please review the following notes from our conversation and let us know if you have any comments:

1. Although there are no state standards for anything other than a multi-unit general radiology service, based on statements from Frank Urso, you consider the convenient care clinic, general radiology, pharmacy, and laboratory space (none of which fall under GMC-Illini's hospital license) to be clinical. You consider physician office and durable medical equipment ("DME") space to be nonclinical. We will update the various charts in the Application to reflect a breakdown of clinical and nonclinical space.
2. We explained that Genesis currently has convenient care, general radiology, pharmacy, and laboratory space in other locations, and it is moving this space to the medical office building ("MOB"). As such, you consider this project a modernization project and will review under the Service Modernization criteria of the Planning Board's Rules in Section 1110.3030.
3. You have asked us to include both Genesis' and the Developer's project costs on one Project Cost / Sources of Funds chart. To combine costs, we will modify the number provided on the existing Moline Physicians, LLC Project Cost/Sources of Funds chart (\$8,903,364) to reflect the portions of those costs applicable to the space leased by Genesis. We will place this amount in the "Fair Market Value of Leased Space or Equipment" line item on the Genesis Project Costs/Sources of Funds chart and will also place this amount on the "Leases (fair market value)" line item as a source of funds. We will remove the Genesis rental payment (\$880,471) and will deduct that amount from the "Cash and Securities" line item. We will note that the amount listed in the "Fair Market Value of Leased Space or Equipment" represents the actual construction costs/fair market value of the space and not the rental rate or an estimate, which you will note in your report.
4. We will note in our submission and you will note in our report that the space lease and ground lease letters of intent are sufficient to show site ownership. We do not need to provide drafted leases at this time.
5. We informed you that the Post Office has not yet assigned a street address to the MOB site and will note same in our written response to your inquiry.
6. We will email all written responses to you at the above email address. Provided that we do so in the next couple of days, the Application should be deemed complete by the 10<sup>th</sup> business day following receipt of the application. There may be additional follow-up items after that time.

Thank you again for your time. We will be in touch soon with a follow up response.

Valerie

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**From:** Constantino, Mike [mailto:Mike.Constantino@Illinois.gov]  
**Sent:** Monday, June 18, 2012 9:30 AM  
**To:** Montague, Valerie Breslin  
**Subject:** genesis health system

Hi Valerie:

I am reviewing your application for permit for the medical office building with clinical services.

Regarding medical office buildings. Our current interpretation is that any building by or behalf of a health care facility that exceeds the threshold that has clinical space would need to be reviewed by the Board. We consider the convenient care clinic, x-ray, radiology , MRI etc. and pharmacy as clinical space that would need to be reviewed by us. Therefore we do not believe that this is a total non-clinical project.

What we need is the total cost of the medical office building as one project cost and sources of funds statement broken out between clinical and nonclinical and the cost space chart in similar fashion.

We also do not accept letters of intent as sufficient documentation of an agreement. We will need the complete agreements signed and dated with the appropriate language.

Regarding the clinical services they would need to be reviewed under 77 IAC 1110.3330. The rental of physician offices would not be reviewable by us as it was in the past.

Also we are going to need an address. If the postal office has not assigned a street address, please state that.

Finally while I like seeing my name in print, I cannot remember telling anyone at Ungaretti and Harris that we do not need the source of funds for a project. A developer is not required to be a coapplicant, but we do need the source of funds for all projects.

I have attached our interpretation of medical office building projects provided at the March 2009 State Board Meeting.

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